

Issue Brief – Medicaid Funding Adjustment

DEPARTMENT OF HEALTH

DOH-09-20

SUMMARY

The Medical Assistance Line Item saw decreases in its actual spending levels from FY 2006 to FY 2007 of (\$33,292,900) Total Funds. It lapsed \$12,266,800 Total Funds (\$11,567,300 General Fund) in FY 2007. The spending levels in the Medical Assistance Line Item are primarily driven by caseload numbers. Caseload figures have been dropping or remaining level every month since March 2006. From November 2006 to November 2007 total Medicaid enrollment declined over 4 percent from 165,500 to 158,100. The Analyst recommends removing (\$2,158,900) ongoing General Fund and (\$5,270,100) Federal Funds, equal to the caseload reduction of the Fee-For-Service group, from the Medical Assistance Line Item budget.

Medical Assistance is a joint federal/state entitlement service that provides health care to selected low-income populations. The program is commonly referred to as Medicaid. The Administrative support that determines eligibility and processes the applications and payments for this program is primarily in the Health Care Financing line item. For more detailed information please see the [Compendium of Budget Information for the 2008 General Session](#) (Utah Department of Health), Chapter 8, pages 111 to 128.

OBJECTIVE

Caseloads have been decreasing in the Medicaid program and are not projected to increase in the immediate future. These savings can be used for other purposes.

DISCUSSION AND ANALYSIS

The table to the right details the change in actual spending from FY 2006 to FY 2007. The Legislature traditionally considers and funds increases for Medicaid caseloads and the Analyst recommends that the Legislature consider a decrease because caseloads have been decreasing. The Department indicates that part of the decrease was due to the federal government assuming responsibility for some clients' prescriptions drugs through Medicare Part D, which began January 1, 2006.

Medicaid clients are primarily served in 2 ways, in a fee-for-service model or managed care. The fee-for-service group represented 47% of all FY 2007 Medical Assistance expenditures. This group has seen a reduction from FY 2006 to FY 2007 of (\$7,429,000) Total Funds, equal to the recommended reduction. Some of the unused funding may be associated with a backlog of paper claims processing beginning in May 2007. The Department estimates the size of FY 2007 backlog of payments at \$250,000 Total Funds. At that time the current prison contract used to process paper claims was abruptly ended. By the end of 2007, the Department had a replacement contractor processing the paper claims. For some providers this meant that they went unpaid for up to 8 months for services rendered.

Health - Medical Assistance			
	2006 Actual	FY 2007 Actual	Changes
Sources of Finance			
General Fund	282,776,500	297,922,700	15,146,200
General Fund, One-time	18,582,100	19,596,400	1,014,300
Federal Funds	1,027,531,200	983,726,400	(43,804,800)
Dedicated Credits Revenue	72,430,700	70,715,200	(1,715,500)
GFR - Medicaid Restricted	0	1,995,900	1,995,900
GFR - Nursing Facility	0	11,348,600	11,348,600
GFR - Nursing Care Facilities Account	10,107,500	0	(10,107,500)
	0	0	0
Transfers - Human Services	109,499,300	69,197,400	(40,301,900)
Transfers - Intergovernmental	0	34,729,700	34,729,700
Transfers - Other Agencies	536,500	0	(536,500)
Transfers - Within Agency	2,441,100	3,741,100	1,300,000
Transfers - Workforce Services	0	366,500	366,500
Beginning Nonlapsing	620,900	5,079,900	4,459,000
Closing Nonlapsing	(5,079,900)	(12,266,800)	(7,186,900)
Lapsing Balance	(1,355,100)		
Total	\$1,518,090,800	\$1,486,153,000	(\$33,292,900)
Programs			
Medicaid Base Program	1,341,000,600	1,152,153,800	(188,846,800)
Pharmacy Program	0	149,676,600	149,676,600
Title XIX for Human Services	172,783,100	178,393,900	5,610,800
DOH Health Clinics	4,307,100	5,928,700	1,621,600
Total	\$1,518,090,800	\$1,486,153,000	(\$31,937,800)
Categories of Expenditure			
Personal Services	3,869,800	4,569,500	699,700
In-State Travel	34,800	49,100	14,300
Out of State Travel	2,700	7,000	4,300
Current Expense	11,477,200	24,636,400	13,159,200
DP Current Expense	18,200	75,000	56,800
DP Capital Outlay	2,300	127,300	125,000
Other Charges/Pass Thru	1,502,685,800	1,456,688,700	(45,997,100)
Total	\$1,518,090,800	\$1,486,153,000	(\$31,937,800)
Other Data			
Budgeted FTE	65.0	66.0	2.5

Paper claims represent about 5% of total claims with electronic claims representing the other 95%. This means that 2 months of FY 2006 expenditures will not be paid until FY 2007 and should be factored into how much money should be left in the Medical Assistance Line Item. Actual spending in FY 2008 through November 2007 is \$25 million Total Funds under budget. If this trend continued, this would result in over \$50 million Total Funds surplus in FY 2008. Any reduction in funds that would be lapsed, resulting in fewer contributions to the Medicaid Restricted Account as per Utah Code 26-18-402 (see Issue Brief DOH-09-17 “Medicaid Restricted Account”).

LEGISLATIVE ACTION

- The Analyst recommends that the Medical Assistance Line Item be reduced by (\$2,158,900) ongoing General Fund and (\$5,270,100) Federal Funds due to lower than budgeted caseloads. The Analyst further recommends the General Fund amounts be reallocated to fund \$1,028,300 ongoing Early Intervention caseload (see Issue Brief DOH-09-06 “Early Intervention/Baby Watch – Caseload”) and other items on the priority list.